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BALL JANIK LLP

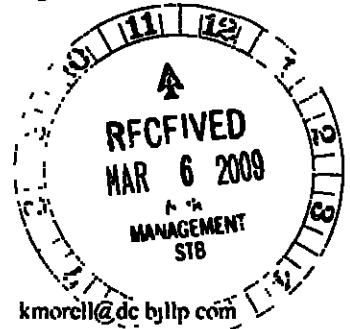
A T T O R N E Y S

1455 F STREET, NW, SUITE 225
WASHINGTON D C 20005

www.balljanik.com

TELEPHONE 202 638 3307
FACSIMILE 202 783 6947

KARL MORELL



March 6, 2009

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BY HAND DELIVERY

The Honorable Anne K. Quinlan
Acting Secretary
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423-0001

Re STB Finance Docket No. 35228, Regional Rail, LLC –
Continuance in Control Exemption – Middletown and New Jersey
Railroad, LLC

Dear Acting Secretary Quinlan:

Attached for filing are the original and ten copies of a Verified Notice of Exemption under 49 C.F.R. § 1180.2(d)(2), and a check covering the \$1,300 filing fee.

Please time and date stamp the extra copy of the Verified Notice of Exemption and return it with our messenger.

If you have any questions, please call me.

Sincerely,

Karl Morell

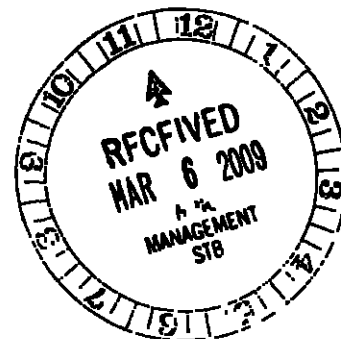
Enclosures

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO 35228

REGIONAL RAIL, LLC
--CONTINUANCE IN CONTROL EXEMPTION--
MIDDLETOWN AND NEW JERSEY RAILROAD, LLC

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C F R § 1180 2(d)(2)



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FILED
MAR 3 - 2009
SURFACE
TRANSPORTATION BOARD

KARL MORELL
Of Counsel
BALL JANIK LLP
Suite 225
1455 F Street, N W
Washington, D C 20005
(202) 638-3307

Attorney for
MIDDLETOWN AND NEW JERSEY
RAILROAD, LLC

Dated March 6, 2009

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FINANCE DOCKET NO 35228

**REGIONAL RAIL, LLC
--CONTINUANCE IN CONTROL EXEMPTION--
MIDDLETOWN AND NEW JERSEY RAILROAD, LLC**

**VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C F R § 1180 2(d)(2)**

Regional Rail, LLC ("Regional") files this Notice of Exemption, pursuant to 49 C F R § 1180 2(d)(2), for Regional to continue in control of the Middletown and New Jersey Railroad, LLC ("Middletown"), a non-carrier, upon Middletown's becoming a Class III railroad. In support of this Notice of Exemption, Middletown submits the following information as required by 49 C F R § 1180 4(g)

Section 1180 6(a)

- (1) A description of the proposed transaction
 - (i) A brief summary of the proposed transaction, the name of applicants, their business address, telephone number, and the name of counsel to whom questions regarding the proposed transaction can be addressed

Regional, a non-carrier, is a Delaware limited liability company which currently controls one (1) Class III railroads operating in two (2) States. Regional also owns 100 percent of the issued and outstanding shares of Middletown. Middletown is a non-carrier that was formed for the purpose of acquiring the rail line owned by the Middletown & New Jersey Railway Co., Inc.

("M&NJ"). Concurrently with the filing of this Notice of Exemption, Middletown is filing a Notice of Exemption in STB Finance Docket No 35227, *Middletown and New Jersey Railroad, LLC – Acquisition and Operation Exemption – Middletown & New Jersey Railway Co., Inc.* under 49 C.F.R. § 1150.31, to acquire and operate M&NJ's rail line. Upon consummation of the transaction in STB Finance Docket No 35227, Middletown will become a Class III carrier.

Regional also controls East Penn Railroad, LLC, a Delaware limited liability company ("ESPN"). ESPN is a Class III rail carrier that operates in Pennsylvania and Delaware.

The rail lines operated by ESPN do not connect with the rail line being acquired by Middletown. The rail line being acquired by Middletown is located in the State of New York, whereas ESPN's rail lines are located in Pennsylvania and Delaware. Accordingly, the ESPN rail lines will not directly connect with the Middletown rail line.

Also, the involved transaction is not part of a series of anticipated transactions that would connect the rail line being acquired by Middletown with any of the rail lines operated by ESPN. Finally, neither Middletown nor ESPN are Class I rail carriers. Accordingly, this transaction falls within the class of transactions described at 49 C.F.R. § 1180.2(d)(2), and exempt from prior approval by the Surface Transportation Board ("Board").

The name and business address of Applicants are as follows:

Regional Rail, LLC
505 South Broad Street
Kennett Square, PA 19348

East Penn Railroad, LLC
505 South Broad Street
Kennett Square, PA 19348

Middletown and New Jersey Railroad, LLC
505 South Broad Street
Kennett Square, PA 19348

Applicant's representative

**Karl Morell
Of Counsel
Ball Janik LLP
1455 F Street, N W
Suite 225
Washington, D C 20005
(202) 638-3307**

- (ii) The proposed time schedule for consummation of the proposed transaction**

Regional intends to consummate this transaction on or shortly after April 5, 2009.

- (iii) The purpose sought to be accomplished by the proposed transaction**

Regional intends to reduce overhead expenses, coordinate billing, maintenance, mechanical and personnel policies and practices of its rail carrier subsidiaries and thereby improve the overall efficiency of rail service provided by the two railroads

- (5) A list of the State(s) in which any part of the property of each applicant carrier is situated**

ESPN's lines are located in Pennsylvania and Delaware

Upon acquiring the rail line from M&NJ, Middletown will own and operate a rail line in New York

- (6) Map**

Maps illustrating the rail lines of ESPN and the rail line to be acquired by Middletown are attached as Exhibit 1

- (7)(ii) Agreement**

Regional will not enter into any agreement, or sign any written instrument, to continue in control of Middletown

Because ESPN is a Class III rail carrier and Middletown will become a Class III rail carrier upon the acquisition of the rail line from M&NJ, no labor protection may be imposed on this transaction pursuant to 49 U.S.C. § 11326(c)

ENVIRONMENTAL AND HISTORIC IMPACTS

Regional will continue to control Middletown for the purpose of continued rail operations where further Board approval is required to abandon or discontinue any service, and there are no plans to dispose of or alter properties subject to the Board's jurisdiction that are 50 years old or older. Hence, this Notice of Exemption does not require an historic report under 49 C.F.R. § 1105.8(b)(1)

Regional's continuance in control of Middletown will not result in significant changes in carrier operations. There will not be a diversion of (1) more than 1,000 rail carloads a year to motor carriage, or (2) an average of 50 carloads per mile per year for any part of these lines to motor carriage. This transaction will not result in (1) an increase in rail traffic of at least 100 percent or an increase of at least eight trains a day on any segment of the lines, (2) an increase of rail yard activity of at least 100 percent, or (3) an average increase in truck traffic of more than 10 percent of the average daily traffic or 50 vehicles a day. This transaction will not affect a Class I or nonattainment area under the Clean Air Act. In any event, the thresholds of 49 C.F.R. § 1105.7(e)(5)(ii) will not be exceeded. Finally, this transaction does not contemplate the transportation of any ozone depleting materials. Therefore, no environmental documentation is required under 49 C.F.R. § 1105.6(c)(2)

This action will not significantly affect either the quality of the human environment or energy conservation

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Karl Moretti", written over a horizontal line.

KARL MORETTI.

Of Counsel

BAI.I. JANIK LLP

1455 F Street. N W

Suite 225

Washington, D C 20005

(202) 638-3307

Attorney for

REGIONAL RAIL, LLC

Dated. March 6, 2009

PENNSYLVANIA

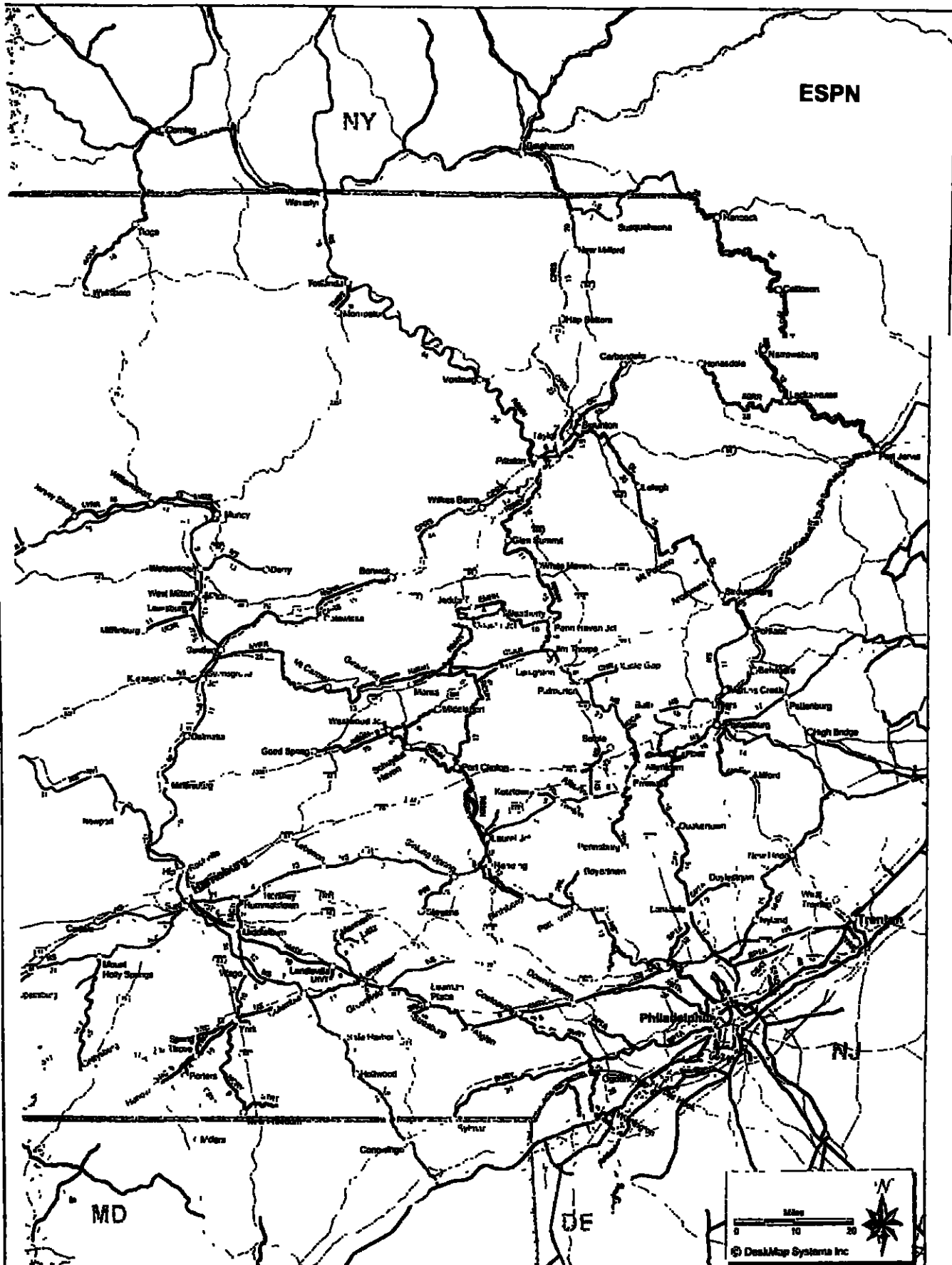
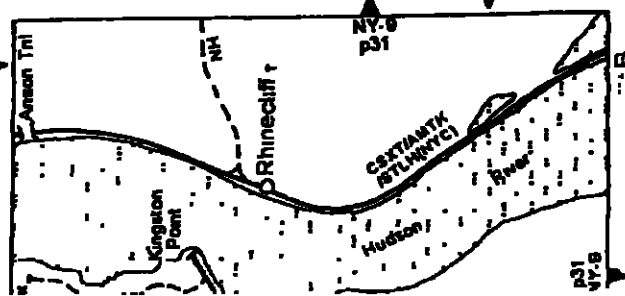
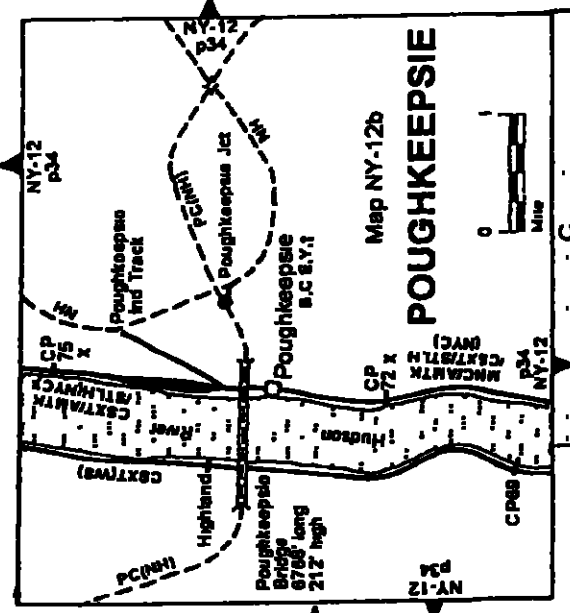
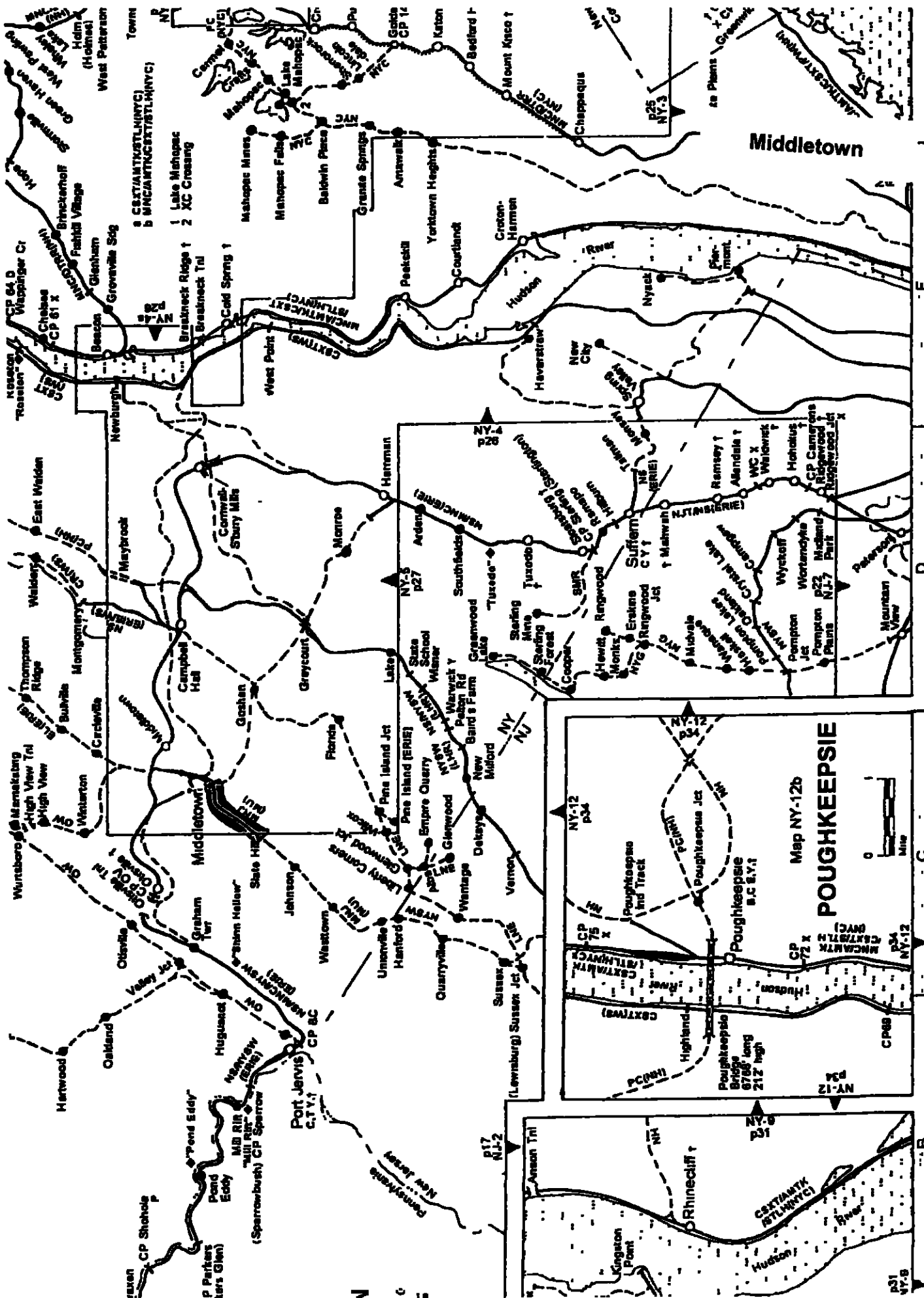


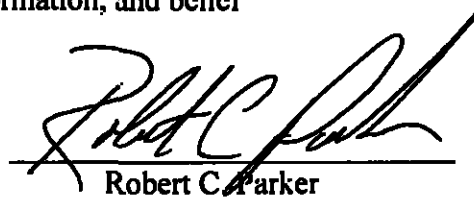
EXHIBIT 1



VERIFICATION

STATE OF PENNSYLVANIA)
)
COUNTY OF CHESTER) ss

I, Robert C Parker, being duly sworn depose and state that I am President and Chief Executive Officer of Regional Rail, LLC, that I am authorized to make this verification, and that I have read the foregoing Notice of Exemption and know the facts asserted therein are true and accurate as stated to the best of my knowledge, information, and belief


Robert C Parker

NOTARIAL PUBLIC
DIANE A. KLEIN
Notary Public
KENNETT SQUARE BORO, CHESTER COUNTY
My Commission Expires Sep 3, 2012

SUBSCRIBED AND SWORN TO before me this 5th day of March, 2009, in the County of Chester, State of Pennsylvania

My Commission Expires Sept 3, 2012


Notary Public